



# ***Private Sector Care Coordination Meeting 24 - 25 August 2004***

## ***Status of Venture Capital Process***

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# ***PSC Coordination Meeting Status of Venture Capital Process***



## **Outline**

- Purpose**
- Guidance**
  - **Optimization Project Process**
  - **MHS Governance Plan**
- Proposed Venture Capital Funding**
- Conceptual Procedures**
  - **Application/Monitoring Process**
  - **Return On Investment (ROI) Tool**
- Future Development/Timelines**
- Questions**



# ***PSC Coordination Meeting Status of Venture Capital Process***



**Purpose: Provide information regarding the development, use, and proposed procedures for the TRO's Venture Capital funds**



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## **Guidance**

- Optimization Project Objective**
  - Congressional Intent - “... better utilization of direct care military medical treatment facilities must be a principal component of the Department’s future plans to control the explosive cost growth in the Defense Health Program”<sup>1</sup>**
- MHS Governance Plan**
  - “Funding of regional initiatives to optimize ... delivery of health care through dedicated resources and a disciplined and open business case planning/approval process.**
  - Opportunities for investment capital can be initiated by the Regional Director, a single MTF Commander or by a Senior Market Manager ....”**

Note 1 – 107<sup>th</sup> Congress, 1<sup>st</sup> Session, House of Representatives, Report 107-148, Making Supplemental Appropriations for the Fiscal Year Ending September 30<sub>4</sub> 2001, and for other purposes



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- **Proposed Venture Capital Funding**
  - **FY06 POM Submission**
    - **\$30M for Venture Capital Funding**
    - **\$10M per CONUS TRO**



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- **Venture Capital (VC) Conceptual Procedures**
  - **Scope of VC initiatives similar to Self-Financing Optimization Projects**
    - **Self-Financing in 3 years ... no finance tail**
  - **The MMSO/MTF Business Plans serves as the vehicle for MMSOs or MTFs to submit VC initiatives.**
  - **Service approval of VC initiatives submissions is based on approval of their respective MMSO/MTF Business plans**
  - **VC submissions standardized to the extent possible.**
  - **TROs evaluate VC Initiatives and approve those with the greatest likelihood of attaining ROI/optimizing DC system.**
  - **TROs notify TMA (RM) to transfer funding to respective MMSO/MTF so approved VC initiatives can commence**
  - **TROs periodically monitor VC initiative progress.**
    - **Funding terminated for VC initiatives failing to meet ROI.**



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- **Venture Capital Conceptual Procedures**
  - **Return On Investment (ROI) Tool**
    - **Assessing ROI Tool Altarum developed for TMA (RM) to evaluate Population Health Mgt. (PHM) initiatives**
    - **Key Components of tool**
      - **Ease of use**
      - **Appropriate constraints in tool to improve “apples to apples” comparison of VC initiatives. e.g. use standard inflation factors to calculate net present value**
      - **Maximum use of central data bases to populate ROI tool and perform periodic monitoring of VC initiative progress.**



# ***PSC Coordination Meeting Status of Venture Capital Process***



- **Proposed Future Development/Timelines**
  - **September 04**
    - **Work with TROs in finalizing draft Venture Capital (VC) Procedures**
    - **Determine applicability of PHM ROI tool to meet VC initiative requirements.**
  - **1st Qtr, FY05**
    - **Submit draft VC procedures to TMA Senior Leadership and RMSC for review/approval**
    - **Finalize VC ROI tool**
  - **2nd Qtr, FY05**
    - **Publish implementing guidance on VC procedures**
    - **Distribute ROI Tool**





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## ***QUESTIONS ?***